

DECLARATION

from the **ASIA-PACIFIC REGIONAL SYMPOSIUM ON
ENTREPRENEURSHIP AND INNOVATION IN ORGANIC FARMING**
organized by the Food and Agriculture Organization (FAO) and the International
Federation of Organic Agriculture Movements (IFOAM)
2-4 December 2013, Bangkok, Thailand

Participants at the Asia-Pacific Regional Symposium on ‘Entrepreneurship and Innovation in Organic Farming’, having shared their knowledge and experiences and discussed aspects of organic production, organic value chains and marketing, the financing of organic production and of education and extension, have agreed on the following.

RESEARCH

1. It was noted that a disproportionate amount of resources for agricultural research is allocated towards conventional chemical based farming. It was reported at the meeting that Euro 0.005 per capita is invested in research on organic farming, compared to 6.00 Euro per capita per annum globally. This is neither in proportion to the areas under cultivation, nor in proportion to the market share for organic produce, which both account for about one percent globally. Parity in research funding, i.e. allocating one percent of all public agricultural research funding to the organic sector, would go a long way to removing bottlenecks to its development.
2. FAO and IFOAM are requested to make policy makers aware of this discrepancy and to advise governments to address this issue by making more public funding available for research into organic agriculture, in particular for crops that are critical for long term food security.

FINANCE

3. It was noted that agricultural lenders are biased towards conventional farming with predefined loan packages for chemical inputs that are calculated on a per hectare basis. This promotes the use of chemicals where they may not be in the best interest of the farmers. It was noted that organic farming is, in many cases, a more profitable and a less risky proposition than conventional farming. Despite this it was also noted that, in most Asian and Pacific countries, it is difficult for organic farmers to obtain finance. It appears that financial institutions lack the capacity to appraise loan applications from farmers working with organic methods, making it difficult for the latter to obtain finance.
4. Financial institutions are therefore encouraged to acquire the in-house knowledge and skills to study and document the profitability of organic production systems and their reported lower risk profiles, to facilitate appraisal by their loan departments.

5. Due to the nature of organic supply chains, and their requirements for traceability and some form of certification up to the consumer, organic agriculture is considered to be particularly suitable for 'Value Chain Finance' (VCF) approaches. The meeting therefore requests financial institutions, and their representative bodies, such as the Asia and Pacific Rural and Agricultural Credit Association (APRACA), to study the suitability of this form of finance for organic agriculture and, where appropriate, to initiate pilot projects.

6. FAO and IFOAM are requested to identify an appropriate mechanism to inform and update financial institutions of the science behind organic agriculture and the progress made in this field in the past 10 years. As large multinational agro-chemical input suppliers update banks, sometimes through a letter setting out their latest technological achievements, the same mechanism could be considered by proponents of organic approaches.

MARKETING/ LOGISTICS

7. Because many organic producers are small farmers, scattered around the countryside, mostly producing in small volumes and in an uncoordinated manner, the logistics and supply chains of organic systems are often inefficient and expensive, delivering an incomplete range of products to the market. Dedicated organic consumers often have to go out of their way, and to multiple outlets, to buy what they want.

8. Networks of organic producers' and traders' institutions and organizations (such as the Thai Organic Trade Association, TOTA) should collaborate at the national and sub-national level on production and the logistics of supply so that consumers are assured a broader range and more stable supply of organic produce at reasonable prices. Within the Asia region there is also potential for intra-regional collaboration between national associations in particular for sub-regions such as the Association of Southeast Asian Nations (ASEAN) and the Greater Mekong Sub-region (GMS). It is noted that work is already in progress on developing an Asian Standard on Organic Agriculture (ASOA) as well as an ASEAN standard (AROS, the ASEAN Regional Organic Standard). When in place these standards should promote intra-regional trade and expand the range and availability of organic produce.

CERTIFICATION

9. Participatory Guarantee Systems (PGS) have been proven to be a viable and low cost alternative to third party certification (TPC) and in many cases are more sustainable than TPC. While PGS do require an initial investment in training and capacity building the recurring costs are relatively small because the group operates its own self-certification system. It was also noted that in 2011 the Indian government adopted a policy of supporting PGS, something that other governments in the region should consider.

10. FAO and IFOAM are requested to consider developing a comprehensive regional approach towards creating awareness of and promoting PGS, which is aimed at all stakeholders, from governments to farmers and consumers.

TAXES AND SUBSIDIES

11. One powerful concept of economics is that of 'externalities' or 'spillover effects'. These can be positive or negative. An example of a negative externality is air or water pollution from a factory. Conventional farming, using agrochemicals, often generates negative externalities, spillover effects that are not felt by the farmers but are felt by society at large. These often include the pollution of waterways, the loss of biodiversity, pesticide residues in food products, etc. Organic farming methods generally internalize these negative externalities and often generate positive externalities (e.g. enhanced biodiversity, higher water absorption capacity etc.).

12. In economic theory one way to address negative externalities is through taxes (the 'polluter pays principle') while positive externalities ('public goods') can (and should) be rewarded through subsidies. This public goods argument is the main reason why organic farming is currently subsidized in European Union (EU) countries and the Republic of Korea. However in many Asian countries (and elsewhere) the reverse logic applies: chemical inputs, which can be the source of many environmental and health problems, are more often subsidized, rather than taxed.

13. This creates an imbalance. For example, in the case of fertilizers, farmers who purchase manufactured fertilizers may well receive a subsidy, while their organic counterparts, who replenish their soil fertility from local, natural resources, do not. Such subsidy regimes clearly inhibit the use of organic fertilizers and stimulate the (over) use of artificial fertilizers. Governments that do subsidize the use of agro-chemical inputs should consider the real cost of these subsidies and whether they are having the desired effect. If not, they should consider progressively reducing and eventually abolishing such subsidies. At the very least, equivalent subsidies should be made available to organic farmers, which we believe would encourage a widespread uptake of organic practices. FAO is requested to convey the issue of input subsidies and resultant distortions to its member governments.

DISSEMINATION AND COMMUNICATION

14. It was noted that there is the need for dissemination of information at all levels of the organic supply chain. This includes sharing of results among researchers, dissemination of this information to, and training of, farmers, traders and financiers, and goes all the way up to the level of consumers (including their children). However perhaps the greatest need is to educate policy makers, who often may often not be aware of the potential that organic agriculture (which draws on a range of different knowledge sources, including modern scientific research) holds for long term sustainable food security.

